

DOCKET NOS. 98-006-G & 1999-007-G - ORDER NO. 1999-164

IN RE: **Docket No. 98-006-G** – Annual Review of) ORDER SETTING
Purchased Gas Adjustments (PGA) and Gas) PROCEEDING,
Purchasing Policies of South Carolina Electric) CONTINUING ONE
& Gas Company.) DOCKET, AND
AND) CLOSING ANOTHER
DOCKET
Docket No. 1999-007-G – Annual Review of)
Purchased Gas Adjustment and Gas)
Purchasing Policies of South Carolina)
Pipeline Corporation.)
)

This matter comes before the Public Service Commission of South Carolina for consideration of a report on a Staff investigation ordered by us in Order No. 98-879. In that report, Staff was to examine the feasibility and economic reasonableness of South Carolina Electric and Gas Company (SCE&G) purchasing its gas supplies, or a portion thereof, from suppliers other than South Carolina Pipeline Corporation (SCPC or Pipeline). Other issues to be considered were the feasibility of a Firm Transportation tariff for SCPC, the feasibility of treating SCE&G's and SCPC's gas operations in a combined manner for ratemaking purposes, and the possible treatment of SCE&G's industrial gas sales revenues in a manner similar to the treatment of United Cities Gas Company for ratemaking purposes. After review of this report, we believe that enough

questions have been raised about these points so as to justify a full evidentiary hearing on these issues.

Accordingly, we will continue the scheduled April 1999 hearing on Pipeline's purchasing practices (Docket No. 1999-007-G), and include this Docket for hearing purposes in a proceeding which will be held beginning August 2, 1999 at 10 AM to evaluate the report filed by the Commission Staff. This will be a newly established Docket and noticed accordingly, with SCPC and SCE&G being named parties to the proceeding.

We hold that the hearing shall be bifurcated. The first portion of the hearing will be the evaluation of the Staff Report, and will also consider Pipeline's PGA and Purchasing Practices, and rates of return for both SCE&G and Pipeline. Should this Commission then accept any portion of the Staff Report recommendations, then the second portion of the hearing will be held to consider rate design if necessary. Separate prefiling deadlines shall be set for each portion of the hearing.


However, we note that there were several unaddressed issues remaining in Docket No. 98-006-G, the SCE&G PGA and Purchasing Practices Docket. We hold that, for the period September 1997 through August 1998, SCE&G's gas purchasing practices and the recovery of its gas costs were prudent and undertaken in accordance with tariffs and rate schedules approved by this Commission. Further, we will continue the ISPR program and presently approved cost of gas for SCE&G until further notice, and close Docket No. 98-006-G at this time.

MARCH 3, 1999

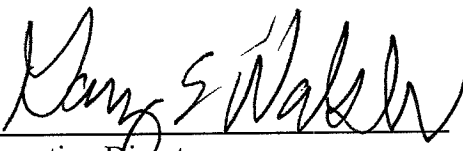
PAGE 3

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)